

FEDERAL COMMUNICATIONS COMMISSION

Washington, D. C. 20554

DEC 1 2003

OFFICE OF
MANAGING DIRECTOR

Rogena Harris, Esq.
Teleglobe
One Discovery Square
12010 Sunset Hills Road
Reston, VA 20190-5856

Re: Teleglobe America Inc.
FY 2003 Regulatory Fees
Fee Control No. 0309268835706003

Dear Ms. Harris:

This is in response to your request dated September 25, 2003, filed on behalf of Teleglobe America Inc. (Teleglobe America) for a refund of fiscal year (FY) 2003 regulatory fees. Our records reflect that Teleglobe America paid the \$22,159.42 FY 2003 regulatory fees at issue here.

You recite that on September 18, 2002, Teleglobe USA Inc. (Teleglobe USA) and certain of its affiliates (Teleglobe USA Sellers) entered into a purchase agreement (Purchase Agreement) with TLGB Acquisition LLC (an affiliate of Teleglobe America) and certain affiliates (Teleglobe America Buyers) in which the Teleglobe USA Sellers agreed to sell certain assets to the Teleglobe America Buyers. On May 28, 2002, Teleglobe USA filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware (Bankruptcy Court). You state that after approving the Purchase Agreement on October 10, 2002, the Bankruptcy Court on May 20, 2003 authorized Teleglobe USA Sellers to consummate the sale, which subsequently occurred on May 30, 2003. By way of further explanation of this sale, you state in subsequent correspondence that on May 30, 2003, Teleglobe USA created a wholly-owned subsidiary, Teleglobe USA LLC, to which Teleglobe USA assigned the section 214 authorizations that are the subject of the regulatory fee at issue here. You state that on the same date (i.e., May 30, 2003), Teleglobe America acquired all of the stock of Teleglobe USA LLC, and Teleglobe USA LLC merged into Teleglobe America.

In support of your request, you assert that "[i]t is an unwarranted hardship on a start-up company [such as Teleglobe America] to pay fees based upon the last year's revenue of another company, revenues that Teleglobe America did not receive." Stating that it is the Commission's "practice" to "reconcil[e] its regulatory responsibilities with the goals of the Bankruptcy Act[.]" you assert that a grant of a waiver would allow Teleglobe

America to become “an effective competitor in the telecommunications marketplace, unburdened . . . by financial obligations attributable to the operations of Teleglobe USA.” As an alternative to a full waiver, you request a waiver of the portion of the regulatory fees attributable to Teleglobe USA’s revenues from the period prior to Teleglobe USA’s filing of the bankruptcy petition. You state that the portion of the regulatory fees attributable to the period preceding the filing of the bankruptcy petition is, “at a minimum[,]” \$9,054.44.¹

The assignment of the section 214 authorizations at issue here to Teleglobe America was consummated on May 30, 2003, and Teleglobe America provided the Commission with notification of this assignment in accordance with section 63.24(f) of the Commission’s rules, 47 C.F.R. §63.24(f).² We therefore find that Teleglobe America was the licensee of the instant section 214 authorizations at the time the FY 2003 regulatory fees were due (i.e., September 25, 2003) and that Teleglobe America is therefore responsible for the associated regulatory fees.³

To the extent that you assert that it would be a financial hardship for Teleglobe America to pay the regulatory fee, the Commission may waive, reduce, or defer regulatory fees only upon a showing of good cause and a finding that the public interest will be served thereby.⁴ The Commission will waive, reduce or defer its regulatory fees in those

¹ The regulatory fees at issue here are based upon 2002 calendar year revenue information. See FCC Form 159-W (“Federal Communications Commission Interstate Telephone Service Provider Worksheet”).

² See *Public Notice, International Authorizations Granted*, DA No. 03-3231 (dated: Oct. 16, 2003) (*Public Notice*) (announcing the notification of the *pro forma* assignment of international section 214 authorizations to Teleglobe; also stating that “[t]his *pro forma* assignment was consummated May 30, 2003 in conjunction with the substantive assignment of the authorizations from Teleglobe USA, Inc. to Teleglobe USA LLC”).

³ See *Assessment and Collection of Regulatory Fees for Fiscal Year 2003, Report and Order*, 18 FCC Rcd 15,985, 15,995, para. 32(b) (2003) (“Wireline (Common Carrier) and Cable Services (fees are not based on a subscriber, unit, or circuit count) - fees must be paid for any authorization issued on or before October 1, 2002. However, where a license or permit is transferred or assigned after October 1, 2002, responsibility for payment rests with the holder of the license or permit at the time payment is due.”).

⁴ See 47 U.S.C. §159(d); 47 C.F.R. §1.1166; see also *Implementation of Section 9 of the Communications Act, Assessment and Collection of Regulatory Fees for the 1994 Fiscal Year, Report and Order*, 9 FCC Rcd 5333, 5344 (1994), *on recon.*, *Memorandum Opinion and Order*, 10 FCC Rcd 12,759, para. 12 (1995) (regulatory fees may be waived, deferred, or reduced on a case-by-case basis in extraordinary and compelling circumstances upon a clear showing that a waiver would override the public interest in reimbursing the Commission for its regulatory costs).

instances where a petitioner presents a compelling case of financial hardship.⁵ Regulatees can establish financial hardship by submitting

information such as a balance sheet and profit and loss statement (audited, if available), a cash flow projection . . . (with an explanation of how calculated), a list of their officers and their individual compensation, together with a list of their highest paid employees, other than officers, and the amount of their compensation, or similar information. 10 FCC Rcd at 12761-12762.

In the absence of such documentation, or other relevant showing, you have failed to establish a compelling case for relief on the basis of financial hardship. In view of your allegations regarding financial hardship, however, you may refile your request, along with appropriate supporting documentation establishing that Teleglobe America meets the standards set forth above, within 30 days of the date of this letter.

With respect to your request for a waiver of the regulatory fees in light of the Commission's policies regarding bankrupt entities, the Commission has stated that evidence of bankruptcy or receivership is sufficient to establish financial hardship for purposes of a waiver of the regulatory fees.⁶ The Commission further stated that "where a bankruptcy trustee, receiver, or debtor in possession is negotiating a possible transfer of a license, the regulatory fee could act as an impediment to the negotiations and the transfer of the station to a new licensee."⁷ The Commission therefore "will waive the regulatory fees for *licensees* whose stations are bankrupt, undergoing Chapter 11 reorganizations or in receivership."⁸ The Commission's policy of granting waivers on the basis of bankruptcy provides no support for a grant of your waiver request where the licensee (i.e., Teleglobe America) is not in bankruptcy and the regulatory fee would not serve as an impediment to bankruptcy-related negotiations regarding the transfer or assignment of the authorizations to a new licensee. We therefore deny your request on this basis. We further find that the fact that Teleglobe USA filed a petition for bankruptcy relief on May 28, 2002, provides no basis for a refund of the FY 2003 regulatory fees.⁹

⁵ See *Implementation of Section 9 of the Communications Act*, 9 FCC Rcd 5333, 5346 (1994), *on recon*, 10 FCC Rcd 12759 (1995).

⁶ See *Implementation of Section 9 of the Communications Act*, 10 FCC Rcd 12759, 12761-62 (1995).

⁷ *Id.* at 12762.

⁸ *Id.* (emphasis added); see also *Assessment and Collection of Regulatory Fees for Fiscal Year 2003*, 18 FCC Rcd 15,985, 15,990 (2003) (adopting a cap of \$500,000 applicable both to bankrupt and other regulate[e]s asserting financial hardship").

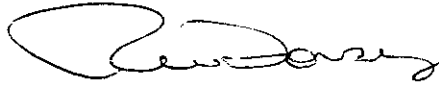
⁹ See 47 C.F.R. §1.1160(b) ("[n]o pro-rata refund of an annual fee will be issued").

Ms. Rogena Harris

4.

We therefore deny your request for a refund of Telelobe America's FY 2003 regulatory fees. If you have any questions concerning this matter, please contact the Revenue & Receivables Operations Group at (202) 418-1995.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark A. Reger", with a large, stylized initial "M" and "R".

 Mark A. Reger
Chief Financial Officer

0309268835706003

ORIGINAL
TELEGLOBE
TM

One Discovery Square
12010 Sunset Hills Road
Reston, VA 20190-5856
(703) 766-3061
(703) 766-3104
rogena.harris@teleglobe.com

RECEIVED

September 25, 2003

SEP 25 2003

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

VIA COURIER

Marlene H. Dortch, Secretary
Federal Communications Commission
c/o Vistronix, Inc.
236 Massachusetts Avenue, NE, Suite 110
Washington, D.C. 20002

Attn: Office of Managing Director, Regulatory Fee Waiver Request

**RE: Annual Common Carrier Regulatory Fees - Teleglobe America Inc./
Teleglobe USA Inc. (Payment Made by Wire Transfer)**

Dear Secretary Dortch:

Payor Teleglobe America Inc. (Teleglobe America) encloses a completed Form 159 for the submission of FCC annual common carrier Regulatory Fees based on the 2002 revenues of the bankrupt Teleglobe USA Inc. ("Teleglobe USA"). For the reasons outlined below, Teleglobe America Inc. ("Teleglobe America") has submitted the completed forms with full payment via wire transfer, but requests a waiver and refund of all, or in the alternative a portion of, the submitted fees.

Payor Teleglobe America was just incorporated on December 4, 2002. It had no telecommunications licenses in 2002, and offered no telecommunications services in 2002. Hence, it did not file a 499-A for calendar year 2002.

On May 30, 2003, Teleglobe America acquired some of the assets formerly held by the bankrupt Teleglobe USA (under bankruptcy protection since May 28, 2002).¹ Teleglobe

¹ On May 28, 2002, Teleglobe USA filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code in the U S Bankruptcy Court for the District of Delaware ("Bankruptcy Court") (*Teleglobe Communications*

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America has a request pending at the Commission to transfer Telelobe USA's Section 214 authorization and cable landing licenses to Telelobe America.

Telelobe America, a start-up company, respectfully requests that it not be required to pay this regulatory fee that is based on the 2002 revenue of a company (Telelobe USA) a portion of whose assets Telelobe America acquired on May 30, 2003. Telelobe America did not acquire Telelobe USA; rather, Telelobe America acquired certain of its assets. Telelobe America has asked the Commission to assign the Section 214 authorization of Telelobe USA to Telelobe America, rather than applying for its own new Section 214 authorization. Telelobe America has been unable, to date, to locate or to obtain clear guidance from the Commission regarding the payment of this fee under these circumstances. Therefore, in accordance with 47 C.F.R. § 1.1166(c), Telelobe America is submitting the fee along with this request that the Commission either 1) determine that payor Telelobe America does not owe this fee, as Telelobe America had no revenues last year, or if owed, to waive it in its entirety; or 2) in the alternative, waive at least that portion of the fee attributable to January – May 28, 2002, a period during which obligations of Telelobe USA are treated as pre-petition debt. Telelobe America submits that Commission claims for pre-petition debt of Telelobe USA are a matter for the U.S. Bankruptcy Court for the District of Delaware.

With respect to any portion of the annual common carrier Regulatory Fees that the Commission determines that Telelobe America owes, the Company respectfully requests a waiver. It is an unwarranted hardship on a start-up company to pay fees based upon the last year's revenue of another company, revenues that Telelobe America did not receive. The Commission has noted its practice of reconciling its regulatory responsibilities with the goals of the Bankruptcy Act.² The grant of a waiver would serve the public interest by allowing Telelobe America to become an effective competitor in the telecommunications marketplace, unburdened at its inception by financial obligations attributable to the operations of Telelobe USA.

Should the Commission determine that its rules require Telelobe America to pay fees attributable to Telelobe USA's 2002 post-petition revenues only, the following is offered. The full regulatory fee in question is \$22,159.42, based on Telelobe USA's revenue for 2002. Telelobe America does not have the records of Telelobe USA that would be necessary to precisely determine the portion of the \$22,159.42 attributable to the pre-petition period.

Corporation, a Delaware Corporation, et al, Jointly Administered Case No. 02-11518 (MFW) (Bankr. Del., May 28, 2002)) The Order Implementing the Protections of Sections 362 and 525 of the Bankruptcy Code in that proceeding is attached. Telelobe USA and certain affiliates ("Telelobe USA Sellers") entered into a Purchase Agreement dated September 18, 2002 (the "Purchase Agreement") with TLGB Acquisition LLC (an affiliate of Telelobe America) and certain affiliates ("Telelobe America Buyers") (copy attached). Under the terms of the Purchase Agreement, the Telelobe USA Sellers agreed to sell to the Telelobe America Buyers certain assets. On October 10, 2002, the Bankruptcy Court entered an order approving Purchase Agreement. On May 20, 2003, the Bankruptcy Court entered an order authorizing the Telelobe USA Sellers to consummate the sale. The sale occurred on May 30, 2003.

² In the Matter of Assessment and Collection of Regulatory Fees for Fiscal Year 2003, Report and Order, MD Docket No. 03-83, released July 25, 2003, at fn 16.

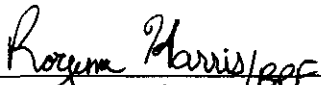
Marlene H. Dortch, Secretary
September 25, 2003
Page 3

Teleglobe America believes that at a minimum the amount attributable to the pre-petition period equals \$9,054.44.³ That amount was calculated as follows:

\$22,159.42 for 12 months based on the revenue for 2002 = \$1,846.62 for 1 month
January through April- 4 months- 4 x \$1,846.62 = \$7,386.48
\$1,846.62 ÷ 31 = \$59.57 per day for the month of May
Bankruptcy filed on 28 May 2002 - \$59.57 x 28 = \$1,667.96
\$9,054.44 (pre-petition)

Thank you for your consideration. If the Commission has any questions in this matter, or desires additional information, please contact me at (703) 766-3061.

Respectfully submitted,
TELEGLOBE AMERICA INC.



Regina Harris
Senior Counsel

Enclosures

1. FCC Form 159
2. Order Implementing the Protections of Sections 362 and 525 of the Bankruptcy Code
3. Purchase Agreement

cc: Michael Wu
Acting General Counsel

³ Teleglobe America understands that Teleglobe USA's revenues were higher during the pre-petition period, because customers cancelled service in greater-than-normal numbers once they learned Teleglobe USA was in bankruptcy.

ENCLOSURE 1

FCC Form 159

" WIRE TRANSFER- PROCESSING FEE PAYMENT "

READ INSTRUCTIONS CAREFULLY
BEFORE PROCEEDING

FEDERAL COMMUNICATIONS COMMISSION REMITTANCE ADVICE

Approved by OMB
3060-0589

Page 1 of 1

(1) LOCK BOX # 358835		SPECIAL USE ONLY	
		FCC USE ONLY	
SECTION A - PAYER INFORMATION			
(2) PAYER NAME (if paying by credit card enter name exactly as it appears on the card) Teleglob America Inc.		(3) TOTAL AMOUNT PAID (U S Dollars and cents) \$22,159.42	
(4) STREET ADDRESS LINE NO 1 1 Discovery Square			
(5) STREET ADDRESS LINE NO 2 12010 Sunset Hills Road			
(6) CITY Reston		(7) STATE VA	(8) ZIP CODE 20190
(9) DAYTIME TELEPHONE NUMBER (include area code) 703-766-3034		(10) COUNTRY CODE (if not in U S A)	
FCC REGISTRATION NUMBER (FRN) REQUIRED			
(11) PAYER (FRN) 0009480302		(12) FCC USE ONLY	
IF MORE THAN ONE APPLICANT, USE CONTINUATION SHEETS (FORM 159-C) COMPLETE SECTION BELOW FOR EACH SERVICE, IF MORE BOXES ARE NEEDED, USE CONTINUATION SHEET			
(13) APPLICANT NAME Teleglob USA Inc.			
(14) STREET ADDRESS LINE NO 1 11495 Commerce Park Drive			
(15) STREET ADDRESS LINE NO 2			
(16) CITY Reston		(17) STATE VA	(18) ZIP CODE 20191
(19) DAYTIME TELEPHONE NUMBER (include area code) 703-766-3034		(20) COUNTRY CODE (if not in U S A)	
FCC REGISTRATION NUMBER (FRN) REQUIRED			
(21) APPLICANT (FRN) 0003-7663-00		(22) FCC USE ONLY	
COMPLETE SECTION C FOR EACH SERVICE, IF MORE BOXES ARE NEEDED, USE CONTINUATION SHEET			
(23A) CALL SIGN/OTHER ID	(24A) PAYMENT TYPE CODE 0372	(25A) QUANTITY \$11,135,386.00	
(26A) FEE DUE FOR (FTC) \$ 22,159.42	(27A) TOTAL FEE \$ 22,159.42	FCC USE ONLY	
(28A) FCC CODE 1	(29A) FCC CODE 2		
(23B) CALL SIGN/OTHER ID	(24B) PAYMENT TYPE CODE	(25B) QUANTITY	
(26B) FEE DUE FOR (FTC)	(27B) TOTAL FEE	FCC USE ONLY	
(28B) FCC CODE 1	(29B) FCC CODE 2		
Teleglob America Inc.			
SECTION D - CERTIFICATION			
CERTIFICATION STATEMENT I, <u>Michael C. Lee</u> , certify under penalty of perjury that the foregoing and supporting information is true and correct to the best of my knowledge, information and belief.			
SIGNATURE <u>Michael C. Lee</u>		DATE <u>25 Sep 03</u>	
SECTION E - CREDIT CARD PAYMENT INFORMATION			
MASTERCARD _____ VISA _____ AMEX _____ DISCOVER _____			
ACCOUNT NUMBER _____		EXPIRATION DATE _____	
I hereby authorize the FCC to charge my credit card for the service(s)/authorization herein described			
SIGNATURE _____		DATE _____	

SEE PUBLIC BURDEN ON REVERSE

FCC FORM 159

FEBRUARY 2003 (REVISED)

" WIRE TRANSFER- REGULATORY FEE PAYMENT "

Approved by OMB
3060-0949

**FEDERAL COMMUNICATIONS COMMISSION
INTERSTATE TELEPHONE SERVICE PROVIDER WORKSHEET**

Payer Name: <i>Teleglobe America Inc.</i>	Filer 499 ID (Form 499-A Line 101):
--	-------------------------------------

Calendar 2002 revenue information (show amounts in whole dollars)		
1	Service provided by U.S. carriers that both originates and terminates in foreign points. Form 499-A Line 412 (e)	0.
2	Interstate end-user revenue from all telecommunications services. Form 499-A Line 420 (d)	89,821.00
3	International end-user revenue from all telecommunications services except international-to-international. Form 499-A Line 420 (e)	11,045,565.00
4	Total end-user Revenues (Sum of lines 1, 2 and 3) Note: also enter this number on Block (28A)- "FCC Code 1".	11,135,386.00
5	End-user interstate mobile service monthly and activation charges. Form 499-A Line 409 (d)	0.
6	End-user international mobile service monthly and activation charges. Form 499-A Line 409 (e)	0.
7	End-user interstate mobile service message charges including roaming charges but excluding toll charges. Form 499-A Line 410 (d)	0.
8	End-user international mobile service message charges including roaming charges but excluding toll charges. Form 499-A Line 410 (e)	0.
9	End-user interstate satellite service. Form 499-A Line 416 (d)	0.
10	End-user international satellite service. Form 499-A Line 416 (e)	0.
11	Surcharges on mobile and satellite services identified as recovering universal service contributions and included in line 403 (d) or 403 (e) on your FCC Form 499. [Note: you may not include surcharges applied to local or toll services, nor any surcharges identified as intrastate surcharges.]	0.
12	Revenues from resellers that do not contribute to USF. Form 499-A Line 511 (b)	0.
13	Total excluded end-user revenues. (Sum lines 5 through 12.) Note: also enter this number on Block (29A)- "FCC Code 2".	0.
14	Total subject revenue. (Line 4 minus Line 13) Note: also enter this number on Block (25A)- "Quantity".	11,135,386.00
15	Interstate telecommunications service provider fee factor	.00199
16	2000 Regulatory Fee (Line 14 times Line 15)* Note: also enter this number on Block (27A)- "Total Fee"	22,159.42
<p>* You are exempt from filing if the amount on line 16 is less than \$10. If you file, <u>using this form you MUST complete a FCC Form 159, and include a copy of this FCC Form 159-W.</u></p>		

ENCLOSURE 2

Order Implementing the Protections of Sections 362 and 525 of the Bankruptcy Code

ORIGINAL

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE**

In re:	:	
	:	Chapter 11
TEGLOBE COMMUNICATIONS	:	
CORPORATION, a Delaware	:	Jointly Administered
corporation, et al.,¹	:	Case No. 02-11518 (MFW)
	:	[Re: Docket No. 8]
Debtors.	:	

**ORDER IMPLEMENTING THE PROTECTIONS OF
SECTIONS 362 AND 525 OF THE BANKRUPTCY CODE**

This matter coming before the Court on the Motion of Debtors and Debtors in Possession Implementing the Protections of Sections 362 and 525 of the Bankruptcy Code (the "Motion") filed by the above-captioned debtors or debtors in possession (collectively, the "Debtors"), the Court having reviewed the Motion and having heard the statements of counsel regarding the relief requested in the Motion at a hearing before the Court (the "Hearing"); the Court finding that (a) the Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334, (b) this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2) and (c) notice of the Motion and the Hearing was sufficient under the circumstances; and the Court having determined that the legal and factual bases set forth in the Motion and at the Hearing establish just cause for the relief granted herein;

¹ The Debtors are the following eleven entities: Teleglobe Communications Corporation, Teleglobe USA Inc., Optel Telecommunications, Inc., Teleglobe Holdings (U.S.) Corporation, Teleglobe Marine (U.S.) Inc., Teleglobe Holding Corp., Teleglobe Telecom Corporation, Teleglobe Investment Corp., Teleglobe Luxembourg LLC, Teleglobe Puerto Rico Inc. and Teleglobe Submarine Inc.

IT IS HEREBY ORDERED THAT:

1 The Motion is GRANTED.

2 Capitalized terms not otherwise defined herein have the meanings given to them in the Motion

3 In accordance with section 362 of the Bankruptcy Code, all persons (including individuals, partnerships, corporations and all those acting for or on their behalf), and all governmental units (including the United States of America and any State, Commonwealth, District, Territory, municipality, department, agency or instrumentality of the United States, a State, a Commonwealth, a District, a Territory, a municipality, a governmentally-owned utility company, a foreign state, or other foreign or domestic governments, and all those acting for or on their behalf) (each, a "Government Unit") are stayed and restrained, pursuant to and to the extent provided in section 362(a) of the Bankruptcy Code, from

- (a) commencing or continuing, including the issuance or employment of process, any judicial, administrative or other proceeding against any of the Debtors, that was or could have been commenced before the commencement of the Debtors' chapter 11 cases,
- (b) enforcing, against any of the Debtors or against property of any of the Debtors' estates, a judgment obtained before the commencement of the Debtors' chapter 11 cases;
- (c) taking any act to obtain possession of property of any of the Debtors' estates or of property from any of the Debtors' estates or to exercise control over property of any of the Debtors' estates,
- (d) taking any act to create, perfect or enforce any lien against property of any of the Debtors' estates;
- (e) taking any act to create, perfect or enforce against property of any of the Debtors, any lien to the extent that such lien secures a claim that arose before the commencement of the Debtors' chapter 11 cases;

- (f) taking any act to collect, assess or recover a claim against any of the Debtors that arose before the commencement of the Debtors' chapter 11 cases,
- (g) offsetting any debt owing to any of the Debtors that arose before the commencement of the Debtors' chapter 11 cases against any claims against such Debtor, and
- (h) commencing or continuing a proceeding before the United States Tax Court concerning any of the Debtors.

4 In accordance with section 362 of the Bankruptcy Code, all persons and all Governmental Units, and those acting for or on their behalf, including sheriffs, marshals, constables and other or similar law enforcement officers and officials, are stayed and restrained from in any way seizing, attaching, foreclosing upon, taking possession or custody of, levying against or in any way interfering with any and all of the property of the Debtors, wherever located

5 In accordance with section 525 of the Bankruptcy Code, no Governmental Unit may deny, revoke, suspend or refuse to renew a license, permit, charter, franchise or other similar grant to, condition such a grant to, or discriminate with respect to such a grant against any of the Debtors, or any affiliate or other person or entity with whom any of the Debtors has been associated, solely because any of the Debtors are, or have been, debtors under the Bankruptcy Code or have been insolvent prior to or during these chapter 11 cases

6 This Order shall not affect the exceptions to the automatic stay contained in section 362(b) of the Bankruptcy Code

7 On request of a party in interest, and after notice and a hearing, this Court may grant relief from the restraints imposed herein in the event it is necessary, appropriate and warranted to so terminate, annul, modify or condition the relief granted herein.

8 This Court shall retain jurisdiction to hear and determine all matters arising from the implementation of this Order.

9 The Debtors are hereby authorized to serve a copy of this entered Order upon such creditors and other parties in interest as they deem necessary or appropriate

Dated May 29 2002

Mary J. Walcott
UNITED STATES BANKRUPTCY JUDGE

ENCLOSURE 3

Purchase Agreement

EXECUTION COPY

PURCHASE AGREEMENT

dated as of

September 18, 2002

among

TLGB ACQUISITION LLC,

AS BUYER,

and

TELEGLOBE INC.,

TELEGLOBE USA INC.,

AND THE OTHER PARTIES LISTED AS "KEY SELLERS"

ON THE SIGNATURE PAGES HERETO,

AS KEY SELLERS

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PURCHASE AGREEMENT

This PURCHASE AGREEMENT (this "**Agreement**") is made and entered into as of September 18, 2002, by and among TLGB Acquisition LLC, a Delaware limited liability company ("**Buyer**"); Telelobe Inc., a Canadian corporation ("**Telelobe**"); Telelobe USA Inc., a Delaware corporation ("**Telelobe USA**"); and the other parties listed as "Key Sellers" on the signature pages hereto (together with Telelobe and Telelobe USA, "**Key Sellers**").

RECITALS:

A. The Sellers have been engaged in the telecommunications business;

B. Telelobe and certain of its subsidiaries, in connection with the Insolvency Proceedings (as defined below), are disposing of or abandoning certain lines of business and assets, and terminating certain customer and vendor relationships and restructuring certain of their remaining operating businesses to be the voice and related data telecommunications businesses described on Exhibit A (the "**Core Business**").

C. The Sellers intend to sell, pursuant to this Agreement, the Core Business and the Purchased Assets;

D. In contemplation of such sale, Telelobe and certain of its subsidiaries transferred or, in the case of the transactions described on Schedule 6.19 hereto, will transfer on the books and records, or assigned, as applicable, to one of the Sellers prior to the date hereof or, in the case of the transactions described on Schedule 6.19 hereto, prior to the Closing Date will assign (i) all of the Contracts (as defined herein) which are part of the Purchased Assets and to which any subsidiary (other than the Sellers) of Telelobe was a party and (ii) all of the other Purchased Assets owned by any subsidiary (other than the Sellers) of Telelobe;

E. As a result of the transactions described in Recitals B and D and on Schedule 6.19 hereto, other than any such transaction solely in connection with the abandonment of lines of business that are not part of the Core Business and termination of customer and vendor relationships that are not part of the Core Business (all such transactions consummated or to be consummated on or after the initiation of the CCAA Proceedings, the "**Migration Transactions**"), the Sellers (or the Newcos or Acquired Entities (each, as defined herein)) will hold as of the Closing Date all assets used to operate the Core Business in accordance with the Network Plan (as defined herein);

F. On May 15, 2002, those certain Sellers formed, created or organized under the laws of Canada, the United States or Puerto Rico (or, in each case, any jurisdiction therein) (collectively, the "**Canadian Debtor Sellers**"), along with certain of their Affiliates, filed for creditor protection (the proceedings being the "**CCAA Proceedings**") under the Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36 (as now in effect or hereafter amended, the "**CCAA**"), with the Ontario Superior Court of Justice (the "**CCAA Court**"), and commenced ancillary proceedings with the United States Bankruptcy Court for the District of Delaware (the "**US Bankruptcy Court**") pursuant to Section 304 of Title 11 of the United States Code (as now

in effect or hereafter amended, the "US Bankruptcy Code"). On May 28, 2002, those Sellers organized under the laws of the United States (or any jurisdiction therein) or Puerto Rico (the "US Debtor Sellers"), along with certain of their Affiliates filed voluntary petitions for relief under chapter 11 of the US Bankruptcy Code, with the US Bankruptcy Court and the chapter 11 cases (the "US Bankruptcy Proceedings") have been consolidated for procedural purposes only and are being administered jointly as Case No. 02-115181 (MEW). On May 20, 2002, those Other Sellers (as defined below) organized under the laws of the United Kingdom filed petitions for administration orders with the Chancery Division of the High Court of Justice ("UK Court") under section 9 of the United Kingdom Insolvency Act 1986 (the "Insolvency Act") which had the effect of staying actions against assets of those Sellers (together with the CCAA Proceedings, the US Bankruptcy Proceedings and, together with any subsequent insolvency orders made by the UK Court in respect of the UK Sellers, the "Insolvency Proceedings");

G Sellers desire to sell and Buyer desires to purchase certain of the assets used by Sellers in the conduct of the Core Business on the terms and subject to the conditions hereinafter set forth; and

H. The Key Sellers and Buyer have determined to enter into this Agreement which, among other things, provides for the Key Sellers to sell, transfer and convey ("Transfer") to Buyer (or to the Newcos (as hereinafter defined) as applicable) and to cause the Other Sellers to Transfer to Buyer (or to the Newcos (as hereinafter defined) as applicable), and Buyer (or the Newcos as applicable) to purchase and assume from Sellers, the Purchased Assets (as hereinafter defined).

NOW, THEREFORE, in consideration of the representations, warranties and covenants set forth in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Key Sellers and Buyer hereby agree as follows:

ARTICLE I

DEFINITION

1.1 Definitions. The following terms used in this Agreement will have the respective meanings ascribed to them in this Section 1.1:

"AAA" has the meaning set forth in Section 5.2.5.

"Accountants" has the meaning set forth in Section 4.4.1.

"Acquired Entity" has the meaning set forth in Section 2.1.5.3.

"Adjusted Net Current Assets" means (i) Net Current Assets, plus (ii) the Target Maximum Cure Amounts for all the Cure Contracts with respect to which, prior to the IMA Date, no settlement has been entered into as contemplated by Section 4.4.3, minus (iii) the Cure Savings with respect to settlements entered into prior to the IMA Date